GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:3289
ANSWERED ON:21.12.2004
IMPACT OF PRICE OF STEEL ON CONSTRUCTION PROJECT
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Will the Minister of STEEL be pleased to state:

(a) whether the Government has set up a high level marketing group to monitor the impact of rising steel prices and suggest ways to reduce construction cost of projects;

(b) if so, whether this group has given its recommendations;

(c) if so, the details thereof;

(d) the number of these suggestions have been accepted by the Government;

(e) whether cold-rolled manufacturers would also hit hard with the dual pricing of steel;

(f) if so, the steps taken by the Government to protect the interests of cold-rolled manufacturers of steel in the country;

(g) whether the Government is planned to set up a regulating authority to check the prices of steel;

(h) if so, the details thereof; and

(i) the time in which it is likely to set up?

Answer

MINISTER OF CHEMICALS & FERTILIZERS AND MINISTER OF STEEL (SHRI RAM VILAS PASWAN)

(a) to (d) The Ministry of Statistics and Programme Implementation has constituted an Expert Working Group to develop a generic trigger mechanism to deal with the price rise of bulk construction materials and to evolve a contractual provision to reduce the incidence of time and cost overruns in construction projects. The Expert Working Group is still in the process of studying and analyzing various parameters of contractual provisions and other aspects of price rise in bulk construction materials.

(e) & (f) In a liberalised scenario, the Government does not intervene in commercial matters such as pricing. Prices are determined by the free interplay of market forces.

(g) to (i) In the 18th National Steel Consumers` Council meeting held in June 2004 some consumers suggested formation of a National Steel Regulatory Body for keeping a check on steel prices. Depending upon the volatility of the price situation and keeping in view the interest of all stake holders, Government will consider taking an appropriate decision in respect of setting up a Regulatory Authority. The price situation is being regularly monitored and Government may intervene if necessary.